



November 15, 2012

Mr. Rayland Young, President
AFGE Local 3701

Case Number: [REDACTED]
LM Number: 509-319

Dear Mr. Young:

This office has recently completed an audit of AFGE Local 3701 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you and Vice President and Acting Treasurer Gordon Black on September 26, 2012, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 3701's 2011 records revealed the following recordkeeping violations:

Failure to Record Receipts and Maintain Documentation

Local 3701 did not record in its receipts records employer dues check-off payments received by direct deposit and interest for the local's savings account totaling at least \$588.01 for the month of December 2011. For example, Local 3701's agency tape reports for pay periods 23, 24, and 25, which calculate the amount deposited in the local's checking account, were not recorded in the local's records and no supporting documentation was available for review. Additionally, the savings account interest was not recorded in the records for December 2011. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 3701 will properly record all receipts and retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violations

1. Failure to File Bylaws

Pursuant to 29 C.F.R. Section 458.3, the requirement under 29 C.F.R. Section 402.4 implementing LMRDA Section 201(a) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file copies of any revised constitution and bylaws when it files its annual financial report.

The audit disclosed a violation of this requirement. Local 3701 amended its constitution and bylaws, which became effective in 2010, but did not file the required copies with its LM report for that year.

Local 3701 has now filed a copy of its constitution and bylaws.

2. Failure to File Financial Reports

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations.

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports disclosing their financial condition and operations. Local 3701 failed to file their LM-4 report for fiscal year end December 31, 2011.

The law requires the president and treasurer or other corresponding principal officers of each labor organization to file an annual financial report with the Office of Labor-Management Standards (OLMS) within 90 days after the end of its fiscal year.

Local 3701 has now filed their December 31, 2011 Form LM-4 report with OLMS.

I want to extend my personal appreciation to AFGE Local 3701 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mr. Gordon Black, Vice President & Acting Treasurer